

Steve Smith's CHOICE Board Remarks

November 16, 2006

******Thank you, Mr. Chairman, Members of the CHOICE Board, Chairman Stallons, Commission on Aging, Colleagues and Guests******

The election...congratulates Rep. Welch and Rep. Frizzell on their victories. Also congratulate Sen. Breaux on her election as Marion County Auditor and wish her the best. She has been an untiring advocate for our Senior Hoosiers and I want to personally thank her for her service.

Mr. Chairman, in preparation for today's meeting you asked me to prepare a summary of our financial results that were made public at our quarterly financial review on October 26th. I would remind all of the audience today that the quarterly financial reviews are open to the public and do include a question and answer period. Our QFR for October is also posted to the OPTIONS website, along with other important announcements.

- **Financial Performance:** At the end of Q1 FY2007 (Jul – Sep 2006) the Division of Aging had total expenditures of **\$329,667,227**, which is 23.25% of our annual budget of **\$1,417,695,945**. This puts us approximately 1.75% - **\$15,112,364** - ahead of budget for the FY to-date. Based actuarial forecasts we are projected to be **\$6 million** under budget for the full FY. The forecasts take into account the cyclical changes in our expenditures – such as varying effective dates for rate increases – and the normal lag in expenditures due to claim billing cycles.
- **Federal Leverage** – During Q1 FY2007 our federal match increased from **47.33% to 50.39%**, representing a 3.06% increase. However, this is still far below our target of 62.98%, which is our federal FMAP.
- **Funding Balance** – Even with the significant numbers of new providers entering HCBS our spending balance remained 77% nursing facilities and 23% HCBS. This can be attributed in large part to the lag between the start of service and the length of the normal claim billing cycle. It takes a net shift of \$200,000 month in expenditures to move this balance 1%.
- **CHOICE Expenditures** – In Q1 FY2007 CHOICE expenditures were **\$2,975,543** under our projected budget forecast. This can be attributed to a number of factors, foremost of which is the rapid transition of Medicaid waiver-eligible consumers from CHOICE to waiver programs. Several AAAs, including CICOA, have reported a complete change in their case-mix from predominantly CHOICE to predominantly Waiver. This creates a multiplier effect which allows us to continue to draw down the waiver wait list by using the 62.98% federal match.

I would remind the board that at the end of FY2006 there was a reversion to the general fund of over \$2 million of unused CHOICE appropriation. It appears that we are on course to accumulate a much larger reversion this year. Our \$7.9 million transfer to the waiver program from CHOICE is included in this projection.

- **Waitlists** – The opening of the waiver slots beginning Sep 1 has had some dramatic effect on the wait list. We began on July 1 with a waitlist of **2,678** and ended September with a waitlist of **1,860**. However, that's not the best news....Since Sep 30 an additional **1,473** people have been targeted for service on the waiver. This means that as of this morning our waitlist stands at **432**. This is the direct result of outstanding work by the AAAs and my waiver staff.

Our success with the CHOICE waitlist is also positive but has not met our expectations. The waiver wait list is managed centrally by the Division of Aging but the CHOICE waitlist is actually a compilation of sixteen lists from the sixteen AAAs. We are in the process of validating our count using this disparate information, and I believe we will be able to accurately report our CHOICE waitlist at our next board meeting. At the end of Sep we reported a total waitlist number of 7,603, which was down from over 8,000 at the beginning of the calendar year. As of this morning the waitlist is 7,456.

- **OPTIONS Service Expansion** – During Q1 the Division of Aging received 45 new provider applications for OPTIONS HCBS services. 31 of have been enrolled in the Medicaid program as of this morning. This includes 25 AL, 4 AFC, and 2 ADS.

During the past two months we have also achieved several important milestones in the history of the OPTIONS program. In your packet I have included copies of two letters. The first is a letter from Assistant Secretary Carbonell from HHS Administration on Aging approving our four-year state plan. In the letter she states her support for the OPTIONS program. The second is a letter from the HHS Centers for Medicare and Medicaid Services that approves the 300% SSI change and the opening of 3,500 waiver slots. It also makes a favorable reference to the consolidation of the AL waiver into the A&D waiver.

Mr. Chairman, I believe that these letters – and our success with the waiver wait list - are significant because they bring some closure to the “Unfinished Business” that the Division of Aging inherited before it ever officially existed. My personal feeling is that we can now provide a very strong argument that the provisions of SEA 493 have fundamentally been met and we need to move the discussion forward to “New Business”, which involves continued expansion of OPTIONS services, but also expands the support services – nutrition, transportation, and housing – that allow our Senior Hoosiers to take advantage of those OPTIONS services. Almost as critical is creating a solid coordination mechanism for these services. Of course we also have to pay for it all, which is the real challenge.

In order to set the stage for meeting the challenges of the “New Business” facing the Division of Aging I sent all sixteen AAA executive directors – and many interested stakeholders – a letter this week that committed to maintaining the existing sixteen planning and service areas for ADRCs. Basically, the local support provided by AAAs is priceless and I have acknowledged that. What we need to do next is work to make this network the most efficient delivery mechanism possible for the coordinated services that our most needy Senior Hoosiers need to maintain their quality of life.

I am prepared to answer any questions you may have.....